

## Community resources

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## Viewing cable 09BERN122, SWISS RELAXATION OF BANKING SECRECY: WHAT DOES IT \

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09BERN122**.

Reference ID	Created	Released	Classification	Origin
<a href="#">09BERN122</a>	<a href="#">2009-03-19 09:55</a>	<a href="#">2011-08-30 01:44</a>	<a href="#">CONFIDENTIAL</a>	<a href="#">Embassy Bern</a>

Appears in these articles:

[http://www.letemps.ch/swiss\\_papers](http://www.letemps.ch/swiss_papers)

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHSW #0122/01 0780955  
ZNY CCCCC ZZH  
R 190955Z MAR 09  
FM AMEMBASSY BERN  
TO RUEHC/SECSTATE WASHDC 5724  
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC

2009-03-19 09:55:00 09BERN122 Embassy Bern CONFIDENTIAL 09BERN98 VZCZCXYZ0000\  
RR RUEHWEB\  
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DE RUEHSW #0122/01 0780955\  
ZNY CCCCC ZZH\  
R 190955Z MAR 09\  
FM AMEMBASSY BERN\  
TO RUEHC/SECSTATE WASHDC 5724\  
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC\  
C O N F I D E N T I A L BERN 000122 \  
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E.O. 12958: DECL: 03/17/2019 \  
TAGS: [EFIN](#) [EINV](#) [ECON](#) [SZ](#)  
SUBJECT: SWISS RELAXATION OF BANKING SECRECY: WHAT DOES IT \  
MEAN \  
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Classified By: CDA Carter for reasons 1.4(b) and (d). \

11. (C) The Swiss Federal Council on March 13 announced that \ Switzerland intends to adopt the OECD standard on \ administrative assistance in tax matters in accordance with \ Art. 26 of the OECD Model Tax Convention. Ambassador Manuel \ Sager, Head of the Foreign Ministry's Sectoral Policy \ Division and Chair of the group of experts appointed by the \ Federal Council to optimize cooperation in the case of tax \ offenses, stated that the relaxation of banking secrecy is \ designed to extend administrative procedures under \ Switzerland's double taxation agreements to include tax \ evasion. Sager cautioned that the inclusion of tax evasion \ within the administrative assistance framework is not an \ automatic process, but will require renegotiation of \ Switzerland's double taxation agreements with over 70 \ countries, parliamentary ratification, and be subject to \ possible challenge by public referendum. Sager stated the \ group of experts will turn their immediate attention to \ setting the country priorities for tax agreement \ renegotiation and "must consider domestic politics" in \ choosing priorities. Despite controversy over the UBS case, \ Sager expects that the U.S. will place high on this list. \

12. (C) Summary continued. Sager expressed concern about the \ outcome of the UBS case, commenting that the Swiss view the \ John Doe summons as a fishing expedition, and stating that it \ is "highly doubtful" that information on these clients "would \ ever be handed over." The Swiss are hoping that the U.S. \ finds Switzerland's concessions to include tax evasion as a \ positive step that will garner U.S. support against the \ placing of Switzerland on any blacklist at the April G-20 \ meeting. Post does not recommend that the USG push to be \ the first test case for tax treaty renegotiation given the \ negative Swiss sentiments surrounding the UBS trial and the \ potential success of a public referendum to block any \ renegotiated treaty. Instead, post suggests lobbying for \ placement near the top of Switzerland's renegotiation list. \ End Summary. \

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SWITZERLAND TO RELAX BANK SECRECY \

13. (U) Amid escalating pressure from several countries to \ abolish bank secrecy and increasing calls for a G-20 \ blacklisting, the Swiss Federal Council on March 13 announced \ that Switzerland intends to adopt the OECD standard on \ administrative assistance in tax matters in accordance with \ Art. 26 of the OECD Model Tax Convention. According to the \ Federal Council, the decision "will be implemented within the \ framework of bilateral double taxation agreements." \

14. (SBU) Political/Economic Counselor and econoff met with \ Ambassador Manuel Sager, chair of the group of experts \ appointed by the Federal Council to optimize cooperation in \ the case of tax offenses, to discuss the Federal Council's \ decision. According to Sager, the relaxation of banking \ secrecy is designed to extend administrative procedures under \ Switzerland's double taxation agreements to include tax \ evasion. The Swiss will no longer limit administrative \ procedures to "dual tax crimes" or tax crimes recognized in \ both countries, but intend to expand the tax agreements to \ include tax evasion, which has historically been regarded as \ a non-crime in Switzerland. The Swiss are adamant that the \ renegotiated agreements be limited to broadening \ administrative procedures for specific cases with sound \ evidence and will not allow so-called "fishing expeditions" \ into bank records. \

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BUT WHEN WILL IT BE IMPLEMENTED? \

15. (C) Sager cautioned that the inclusion of tax evasion \

within the administrative assistance framework is not an \ automatic process, but will require renegotiation of \ Switzerland's double taxation agreements with 70 countries. \ In addition, the renegotiated treaties will require \ parliamentary approval and will be potentially subject to \ Switzerland's public referendum process. (Note: In \ Switzerland, a referendum must be held if opponents to any \ bill gather 50,000 signatures requesting it. End Note.) \ Sager opined that parliamentary approval is expected without \ difficulty given the current political will to put this issue \ to rest. However, he expects that at least the SVP, the \ right-wing party, will press for a referendum to submit any \ renegotiated treaty to public vote. This process will slow \ down implementation of the new agreements, and potentially \ could result in the failure to adopt a renegotiated treaty. \

Based on press reports, initial public sentiment towards \ relaxation of banking secrecy in general appears positive. \ However, public views of the more vociferous anti-banking \ secrecy countries, including the U.S., tend to be negative \ and accusatory of bullying tactics. \

16. (C) Sager stated the group of experts will turn their \ immediate attention to setting the country priorities for tax \ agreement renegotiation. It is hoped that the priorities \ will be set in the next few weeks, so that the top countries \ can be approached to begin the negotiation process. Sager \ commented that the experts "must consider domestic politics" \ in choosing priorities and would be looking initially for a \ country that would sail through the approval process with the \ least controversy. \

17. (C) In regards to renegotiation with the U.S., Sager \ stated that pressure by the U.S. on the Swiss government to \ hand over documents in the UBS case prior to conclusion of \ the Swiss administrative process caused some to question "why \ bother with a new amended treaty when no one follows the \ procedures anyway." Nevertheless, Sager expects that the \ U.S. will place high on the list. On a positive note, \ according to Sager, the Swiss government views renegotiation \ as a way forward, and does not apply it to any ongoing \ issues. Sager does not couple the UBS court case with \ renegotiation of the tax agreement nor does he view it as a \ hindrance to renegotiation other than possible negative \ public sentiment during the referendum process. \

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UBS CASE CONTINUES TO RAISE CONCERNS \

18. (C) Despite the fact that the relaxation of banking \ secrecy is not linked to the UBS case, the Swiss government \ would prefer a political solution to this ongoing problem. \ Sager expressed concern about the outcome of the UBS case, \ commenting that the Swiss view the John Doe summons as a \ fishing expedition, and stating that it is "highly doubtful" \ that information on these clients "would ever be handed \ over." He hypothetically questioned whether the U.S. would \ supply information on 52,000 unnamed accounts if, for \ example, a Brazilian court, requested this information. He \ was interested in knowing if the U.S. had a legal mechanism \ for such an exchange. (Note: Sager received a Masters in Law \ Degree from Duke Law School and practiced insurance defense \ law in Phoenix for two years in the 1980's so he has a \ general knowledge of U.S. law. End Note.) \

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G-20 BLACKLIST \

19. (C) Sager inquired as to the USG views towards the calls \ for a G-20 blacklisting of tax havens. Switzerland's timing \ for relaxing banking secrecy was not coincidental, but \ intended to stave off any type of blacklisting, according to \ Sager. The Swiss are hoping that the U.S. finds \ Switzerland's concessions to include tax evasion as a \ positive step that will garner U.S. support against placing \ Switzerland on any blacklist at the April G-20 meeting. \

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COMMENT \  
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¶10. (C) The Swiss will have a small negotiating team that \  
must tackle over 70 double taxation treaties. It is \  
essential that the U.S. rank at the top of the list to ensure \  
that renegotiation is not delayed by months or even years. \  
With the current press surrounding the UBS case, post does \  
not recommend that we push for the U.S. to be the first \  
test case. However, once one agreement has been approved, it \  
will likely be easier for other countries to follow. \  
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CARTER \  
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